



# Recurrent funding for 2020-21

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**Enquiries to** [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk)

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# Summary

1. This publication summarises the Office for Students' (OfS's) initial allocations of recurrent funding to higher education providers for the academic year 2020-21, to support their teaching activities. Annex A to this document summarises the initial funding allocations for each provider and is available to download alongside this document as a separate file.
2. At time of publishing, Annex A shows initial allocations for providers registered in the Approved (fee cap) category of the OfS Register on 14 April 2020. Updated versions of Annex A will be published periodically throughout the 2020-21 academic year<sup>1</sup> to reflect any further providers that become registered in this category between that date and 31 July 2021. Provision has been made in our budget to allow for this.
3. For the 2020-21 academic year, the overall grant we are distributing is £1,426 million. This consists of:
  - a. £1,255 million for recurrent teaching grant, a reduction of £48 million compared with the revised budget for 2019-20.
  - b. £21 million for national facilities and regulatory initiatives.
  - c. £150 million for capital funding.

These allocations reflect a reduction to our recurrent teaching grant and increase to our capital grant for the financial year (April to March) 2020-21, announced in the strategic guidance letter received from the Secretary of State for Education in January 2020.

4. The total recurrent funding for providers announced initially in this publication is £1,192 million. The remaining £63 million includes funding for Uni Connect (formerly the National Collaborative Outreach Programme) (£60 million), which is not part of the formula grants to providers, and funding set aside for distribution later in the year.
5. This publication is part of a suite of documents released as part of the spring 2020 grant announcement, including:
  - a covering letter and recurrent grant tables for each provider
  - technical guidance that explains in detail how the figures in the recurrent grant tables are derived
  - 'Terms and conditions of funding for 2020-21' (OfS 2020.22)
  - 'Formula capital funding for 2020-21' (OfS 2020.17), which summarises our initial allocations of formula capital funding for the financial year 2020-21

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<sup>1</sup> The 2020-21 academic year refers to 1 August 2020 to 31 July 2021.

- ‘Guide to funding 2020-21: How the Office for Students allocates money to higher education providers’ (OfS 2020.23), which explains the methods used to calculate our grant in more detail.
6. All documents are available on the OfS website.<sup>2</sup> This publication is of interest to anybody who wants to know about the recurrent teaching funding distributed by the OfS, but does not go into the detail of our funding methods. We recommend that you consult these other documents as necessary.

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<sup>2</sup> See [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/](https://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/).

# The OfS recurrent grant

## Introduction

7. This publication announces recurrent grant allocations for the academic year (1 August to 31 July) 2020-21. Unless otherwise stated, all years in this document relate to academic years. Rounding may cause differences between individual figures and totals in this document.
8. The OfS board agreed the approach to funding for 2020-21 at its meeting on 16 March 2020, and this was confirmed in 'Funding for 2020-21: OfS board decisions' (OfS 2020.21).<sup>3</sup> Providers received details of their grant allocations on 12 May 2020.

## OfS budget for the 2020-21 academic year

9. The strategic guidance letter of 1 January 2020 to the OfS from the Secretary of State for Education confirmed the funding available for the financial year 2020-21<sup>4</sup>, and announced a reduction to recurrent teaching grant for the financial year (April to March) 2020-21 of £58 million and an increase in capital funding of £50 million. In January and February 2020 we consulted on our approach to securing savings to recurrent grant, including a revised budget for 2019-20. Further information on the responses to this consultation can be found in OfS 2020.21.
10. The OfS board's decisions on funding were made in the context of the funding settlement from government announced to us in January 2020 for the financial year 2020 21 and of our consultation. That grant settlement was determined before the onset of the coronavirus (COVID-19) pandemic in the UK, the full implications of which are not yet known. The OfS is working closely with the government to monitor the effects of the pandemic on higher education providers, recognising the exceptional steps they are having to take to protect their students and staff, and the implications for their financial sustainability. We will continue to work with the government to support higher education providers in managing the effects of the pandemic and, where necessary, keep our funding decisions under review.
11. The January 2020 strategic guidance letter did not show indicative funding levels for financial year 2021-22. It stated that:

'If the department's level of overall funding is decreased due to wider events or in order to cover other unavoidable financial pressures, the department may, within the framework set by Parliament and the courts, need to make in-year adjustments to allocations to our Partner Bodies in order to meet budget reductions.'
12. To set budgets for academic year 2020-21, we have had to make assumptions about the funding that might be available for financial year 2021-22, because of the overlap between the two from April to July 2021. However, any future changes to the grant made available to us by government for financial year 2020-21, or that we have assumed will be available for financial year 2021-22, are likely to affect the funding we are able to distribute to providers in academic

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<sup>3</sup> See [www.officeforstudents.org.uk/publications/funding-for-2020-21-ofs-board-decisions/](http://www.officeforstudents.org.uk/publications/funding-for-2020-21-ofs-board-decisions/).

<sup>4</sup> See [www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/](http://www.officeforstudents.org.uk/advice-and-guidance/regulation/guidance-from-government/).

year 2020-21. This may necessitate revising allocations after they have already been announced.

13. The total grant we are distributing in 2020-21 is £1,426 million. This is broken down in Table 1.

14. Initial capital funding allocations for the financial year 2020-21 were released on 27 March 2020 in OfS 2020.17.<sup>5</sup>

**Table 1: OfS grant to be distributed in 2020-21**

Main elements of grant	Total (£M)
Recurrent teaching	1,255
Funding for national facilities and regulatory initiatives	21
Capital funding	150
<b>Total</b>	<b>1,426</b>

15. In addition to the £1,426 million that we allocate directly, we also contribute £47 million to the knowledge exchange funding distributed to providers by UK Research and Innovation (through Research England) in the form of Higher Education Innovation Funding. This funding is allocated according to a method agreed with us. Its distribution is not shown in this publication.

16. Table 2 shows our recurrent funding for 2020-21, split by different elements of grant.

**Table 2: Budgets for elements of recurrent teaching grant in 2020-21**

Elements of grant	Total (£M)	Related to nursing, midwifery and allied health (£M)
<b>Funding for high-cost courses</b>	<b>895</b>	<b>80</b>
Of which:		
High-cost subject funding	690	54
Nursing, midwifery and allied health supplement	23	23
Very high-cost science, technology, engineering and maths subjects	24	
Erasmus+ and overseas study programmes	28	
Postgraduate taught supplement	8	
Intensive postgraduate provision	33	
Accelerated full-time undergraduate provision	3	
Students attending courses in London	64	3
Clinical consultants' pay	16	
Senior academic general practitioners' pay	1	
NHS pensions scheme compensation	5	

<sup>5</sup> See [www.officeforstudents.org.uk/publications/formula-capital-funding-for-2020-21/](http://www.officeforstudents.org.uk/publications/formula-capital-funding-for-2020-21/).

Elements of grant	Total (£M)	Related to nursing, midwifery and allied health (£M)
<b>Funding for student access and success</b>	<b>316</b>	<b>16</b>
Of which:		
Premium to support successful student outcomes: full-time	150	12
Premium to support successful student outcomes: part-time	66	1
Disabled students' premium	40	2
Uni Connect	60	
<b>Funding for specialist providers</b>	<b>43</b>	
<b>Total recurrent grant</b>	<b>1,255</b>	<b>96</b>

17. This publication is concerned with the distribution between providers of recurrent grants for teaching. Annex A summarises the funding allocations for each provider and is available to download alongside this document as a separate file. The headings for this table are defined in Annex B.
18. The initial distribution of recurrent funding to providers announced in Annex A of this publication totals £1,192 million. The difference from the total of £1,255 million in Table 2 comprises funding for Uni Connect (£60 million), which is not part of the formula grants to providers, and funding set aside for distribution later in the year.
19. Recurrent grant allocations are made to providers that are registered with the OfS in the Approved (fee cap) category. The initial release of Annex A summarises the allocations of recurrent grant for all such providers on the register on 14 April 2020.
20. Subject to providers meeting all eligibility criteria for funding and our having sufficient funds available, we will provide grants to eligible providers that become registered between 15 April 2020 and 31 July 2021 on the following basis:
  - a. For a provider that submitted its application to register in the Approved (fee cap) category by 30 April 2020 (subject to its application for registration being successful on or before 31 July 2021), a full allocation of recurrent funding for the whole academic year.
  - b. For a provider that submitted its application to register in the Approved (fee cap) category after 30 April 2020 (subject to its application for registration being successful on or before 31 July 2021), an allocation of recurrent funding, which will be reduced pro rata to reflect the number of days in the 2020-21 academic year before it becomes registered in this category.
21. We will make further recurrent funding allocations to providers that are registered in the Approved (fee cap) category after 14 April 2020 and before the end of the academic year (31 July 2021). Budget provision for this is drawn primarily from the funding for student premiums and the targeted allocation for students attending courses in London. We will not reduce allocations already announced to providers in order to extend funding to other providers.

22. We will periodically publish updates to Annex A through the 2020-21 academic year, to reflect updated allocations or the inclusion of any further providers that become registered through the year.

## Changes to funding for 2020-21

23. OfS 2020.23 explains the methods used to calculate our grant.<sup>6</sup> Our total recurrent budget for providers for 2020-21 of £1,255 million represents a reduction of £48 million compared with the revised budget total for 2019-20. This reduced total has to support an increase in student numbers that count towards OfS grants, including those arising from the government's health education reforms.

24. Within the overall budget:

- a. The various elements of funding that support high-cost courses reduce overall by £33 million (3.6 per cent), from £928 million to £895 million:
  - i. The largest element of this, high-cost subject funding, is reduced by 3.2 per cent to £690 million. Because of the increases in student numbers that this funding has to support, the rate of funding per student for high-cost subject funding falls in cash terms by 5.2 per cent.
  - ii. We are maintaining in cash terms the overall rate of funding for pre-registration courses in nursing, midwifery and allied health disciplines, which is provided through the high-cost subject allocation and the separate nursing, midwifery and allied health supplement. This applies to all disciplines other than those that attract price group A funding. To do this, we are increasing the rates of grant provided through the supplement, compared with academic year 2019-20, to offset the lower rates of grant provided through the high-cost subject allocation.
- b. Funding for student access and success reduces overall by £16 million (4.8 per cent) from £332 million to £316 million. Within the total, we are maintaining in cash terms both the funding for Uni Connect<sup>7</sup> and the disabled students premium. The £16 million saving arises from a reduction of 6.8 per cent to the student premiums for full-time and part-time undergraduates.
- c. We are maintaining in cash terms, at £43 million, the targeted allocation for world-leading specialist providers, as a transitional measure for academic year 2020-21, pending a review of this funding which we intend to undertake later this year.

## Recurrent funding outcomes for providers

25. When compared with their grant allocations for 2019-20, over 70 per cent of providers have reductions as a result of the cuts to the budget available to the OfS for the 2020-21 financial year, as described in paragraphs 23 and 24. The outcomes for individual providers are

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<sup>6</sup> Available at [www.officeforstudents.org.uk/publications/](http://www.officeforstudents.org.uk/publications/).

<sup>7</sup> We will, however, recover any underspending from Uni Connect partnerships that arise in the year.



variable, because these depend not just on changes to our budgets and rates of grant, but also on how their student numbers in different categories have changed relative to all other providers – each provider is competing for a share of our funding through its ability to recruit and retain students.

## Funding for national facilities and regulatory initiatives

26. We aim to provide as much as possible of our recurrent funding through allocations to providers. Further funding of £21 million supports national facilities and regulatory initiatives. This is provided for specific purposes and to promote change that cannot easily be achieved through other routes. Table 3 shows the budgets for 2020-21.
27. This funding supports activity such as the National Student Survey and facilities such as Jisc (which funds development and champions the use of digital technologies in UK education and research) and the Centre for Transforming Access and Student Outcomes in Higher Education (which works to ensure that interventions, activity and approaches to access, student success and progression are evidence-based and effective). It also supports our Challenge Competitions, which facilitate projects in specific areas where the higher education sector is not serving students as effectively as it could.

**Table 3: Funding for national facilities and regulatory initiatives 2020-21**

Funding stream	Budget (£M)
Provision of student information	3.0
Strategic interventions in health education disciplines <sup>8</sup>	0.8
Centre for Transforming Access and Student Outcomes in Higher Education <sup>9</sup>	1.5
Challenge Competitions	9.0
Jisc	5.2
Professional and operational services	1.5
<b>Total</b>	<b>21.0</b>

## Terms and conditions of OfS funding for 2020-21

28. OfS 2020.22 was published at the beginning of May 2020 and is available from the OfS website.<sup>10</sup> Providers should consult that document for full information on the terms and conditions attached to recurrent funding.

## Further information

29. Providers requiring further information should contact [recurrentgrant@officeforstudents.org.uk](mailto:recurrentgrant@officeforstudents.org.uk).

<sup>8</sup> See: [www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/health-education-funding/strategic-interventions-in-health-education-disciplines/](http://www.officeforstudents.org.uk/advice-and-guidance/funding-for-providers/health-education-funding/strategic-interventions-in-health-education-disciplines/).

<sup>9</sup> See: [www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/evaluation-and-effective-practice/transforming-access-and-student-outcomes/](http://www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/evaluation-and-effective-practice/transforming-access-and-student-outcomes/).

<sup>10</sup> See [www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2020-21/](http://www.officeforstudents.org.uk/publications/terms-and-conditions-of-funding-for-2020-21/).

## Annex A: Initial funding allocations

1. This annex is available to download as an Excel file alongside this document at [www.officeforstudents.org.uk/publications/recurrent-funding-for-2020-21/](http://www.officeforstudents.org.uk/publications/recurrent-funding-for-2020-21/). The table lists the initial recurrent grants for the academic year 2020-21 by provider.

## Annex B: Description of columns used in Annex A

1. Providers are listed by legal name, with trading names also listed. A hidden column in the Excel file identifies the government region for each provider.
2. **'Funding for high-cost courses'** shows the total of our allocations that support the extra costs associated with teaching particular subjects. Hidden columns show the breakdown between the allocations that make up this total and, where applicable, the amounts of these that relate to pre-registration courses in nursing, midwifery and allied health following the transfer of funding responsibility from the Department of Health and Social Care.
3. **'Funding for student access and success'** shows the total of our allocations to providers that support student access and success for particular student groups (this does not include the separate funding allocated to Uni Connect partnerships). Hidden columns show the breakdown between different allocations and the amounts of these that relate to the nursing, midwifery and allied health funding transfer, where applicable.
4. **'Funding for specialist providers'** shows our targeted allocation for specialist providers with world-leading teaching. Only a small number of providers receive this allocation.
5. **'Total funding'** is the sum of the columns described above. A hidden column shows the amount of this that relates to the nursing, midwifery and allied health funding transfer.
6. The annex also provides comparisons with recurrent funding provided for the 2019-20 academic year.
  - a. **'2019-20 Total recurrent teaching grant'** shows the OfS recurrent funding for each provider for the 2019-20 academic year. A hidden column shows the amount of this that relates to the nursing, midwifery and allied health funding transfer.
  - b. **'2019-20 Equivalent total recurrent teaching grant'** shows the provider's 2019-20 allocations plus the 2020-21 funding provided for the additional cohort of students arising from the nursing, midwifery and allied health funding transfer. This enables a more meaningful comparison across years, as the funding for this cohort is substituting for income that previously would have been provided by the NHS and should therefore not be treated as additional.
  - c. **'Percentage difference to 2019-20 equivalent grant'** shows the percentage difference between **'Total recurrent teaching grant'** and **'2019-20 Equivalent total recurrent teaching grant'**.



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